

To The Honorable Martin Glenn,

I am reaching out to you as an affected and self-represented individual in this ongoing bankruptcy proceeding. At the outset, I want to bring to your kind attention the reputation of the people behind the company Celsius viz. Mr Alex Mashinsky, Mr. Nuke Goldstein etc. These people have been misleading customers for a long time and have profited by defrauding retail investors. Just a few days before locking withdrawals, Celsius published an article "Damn The Torpedoes" suggesting that everything was fine over at Celsius and customers had nothing to worry about.

(Link:<https://blog.celsius.network/damn-the-torpedoes-full-speed-ahead-4123847832af>) Just days after publishing this, they locked down withdrawals. With the publication of their accounts, it is now abundantly clear that they have been hiding an asset liability mismatch for months. Yet, they went about as if everything was fine, and published lies and misleading statements to investors, defrauding them of their hard earned money. People kept putting money into Celsius based on the statements made by Mr Mashinsky and others at Celsius.

I would also like to bring to your attention the existence of an online community at <https://reddit.com/r/CelsiusNetwork> which has turned into a support group of sorts for people affected by this incident. This group has over 40,000 users as of this moment. For months before locking funds, the subreddit r/CelsiusNetwork was moderated by Celsius employees, who deleted any posts critical of their operation. They maintained that everything was fine with Celsius, while censoring and even banning users who dared to expose the internals of Celsius. Several users on other social media platforms such as Twitter have tried exposing Celsius and in particular Mr Mashinsky. Celsius has always tried to play down any critical comments and even threatened those who tried to reveal the extent of the scam. There is enough on chain evidence that Mashinsky has sold a lot of CEL tokens while lying to the community about these insider sales. Mashinsky has used funds from Celsius to acquire expensive NFTs that can be displayed on Twitter as profile picture, all from the funds of the estate. These actions constitute fraud on the depositors and users of Celsius.

At this juncture, it seems Celsius and Mr Mashinsky are requesting to receive their salaries and other perks from the bankruptcy estate, and also requesting the company Celsius to fund their credit card expenses. Considering their lies, fraudulent statements and deceptive posts that Celsius under Mr Mashinsky have made earlier, it is imperative that the estate does not accede to any of the requests of Celsius and its employees, and forthwith stop paying them any amounts sought by them. Rather, there are strong claims for the liquidators to clawback any money that Celsius' employees and Mr Mashinsky have profited from Celsius' operations. I hope that these actions can be immediately taken so that the confidence of the retail users who have funds locked up in this scam operation orchestrated by Mr. Mashinsky can at least have some confidence that their funds are protected by the rights accrued to them under the law. On the Celsius sub-reddit, several users have spoken about taking extreme steps like committing suicides. Example from just the past few hours:

[https://reddit.com/r/CelsiusNetwork/comments/w2vvms/i\\_lost\\_my\\_entire\\_family\\_savings\\_im\\_so](https://reddit.com/r/CelsiusNetwork/comments/w2vvms/i_lost_my_entire_family_savings_im_so)

\_stressed/ and

[https://reddit.com/r/CelsiusNetwork/comments/w2zkia/honest\\_question\\_why\\_do\\_people\\_think\\_that\\_suicide/](https://reddit.com/r/CelsiusNetwork/comments/w2zkia/honest_question_why_do_people_think_that_suicide/)

The nature of this scam is such that the majority of the people trapped in it are retail investors, mom and pop investors who have saved up their funds and deposited it into Celsius for extra interest income, during a global period of low/almost zero interest rates. Celsius operating under Mr Mashinsky have exploited these people and led them into a trap from which it is hard for many to even believe there may be a future for them. Considering these dire circumstances, and to improve the morale of the unsecured creditors trapped in the present situation, I hereby make a humble request for granting the requests sought herein including stopping any payments / salaries / executive compensations paid out to the erstwhile employees and executives of Celsius and Mr. Mashinsky.

### **Celsius Network Advertised as a “Bank”**

Since the inception of Celsius, Alex and the company advertised its products as an alternative to traditional banking, not an investment opportunity. In dozens of interviews, he claimed how banks stole from its users with fees and lending out deposits, and Celsius gave most of the banks profits back to the community (source: <https://www.youtube.com/watch?v=m1Zqx618Tvg> CNBC interview at 0:02 seconds start).

Request 1: I would request you throw out the ToS that Celsius deceptively states that depositors “lent” our cryptocurrency to Celsius, as this was never advertised this way. Additionally, only US customers had access to “Custody” accounts, and non-US customers had no other choice but to put their funds in the “Earn” program which was advertised as an alternative to a bank account.

### **Celsius Network conducted “Delta-Neutral Strategies” to Generate Yield**

It was never disclosed to customers the inordinate amount of risk customers were exposed to under the management of Celsius Network. Two months before pause of withdrawals, Alex in an CNBC interview specifically stated that “Celsius only participates in delta-neutral strategy...Celsius doesn’t bet on the markets going up or down...and Banks do that all day long with your money...what Celsius does is take all that profit and give most of it back to the community” (source: <https://youtu.be/m1Zqx618Tvg?t=148> at 2:28 second start, CNBC interview with CEO Alex Mashinsky). Request 2: I would request you hold Celsius Network accountable for misrepresenting delta-neutral risk.

### **Celsius had enough “Reserves” to meet obligations**

Four days before withdrawals were paused (June 7th, 2022), Celsius posted an official statement on its blog that it had the reserves (and more than enough ETH) to meet obligations (source: Celsius Median Blog, <https://blog.celsius.network/damn-the-torpedoes-full-speed-ahead-4123847832af>). It labeled those against these claims as spreading “misinformation”, when in fact Celsius did not have that reserves as was revealed in its bankruptcy filing 30 days later.

Alex also claimed in several interviews that Celsius had over \$2 billion on its balance sheet in reserves, more than any other crypto lending platform. For a private company that provided no public financial disclosures to its customers, the only word we had to trust was Alex and he stated that "Celsius would take full responsibility if anything goes bad, that's why we raised \$750 million"(<https://twitter.com/crypthunter0x/status/1545426359836606466?s=20&t=Nkg9N4tJqkk73gc1pTCDPQ>). It was only later determined during bankruptcy filings that this \$2B was based on illiquid CEL token holdings, which didn't have enough liquidity for Celsius to ever be able to truly use those funds, Request 3: I would request you hold Celsius accountable for misrepresenting to customers it's balance sheet insolvency position since 2021, and incorrectly stating to customers that it had enough reserves to meet obligations.

I want to thank you for your time. I, like many others, was lied to by Alex Mashinsky, and unfortunately many retail customers now have retirement plans, collage funds, emergency funds, tied up in this bankruptcy case. I hope you will find the best path forward for unsecured depositors.

There are several other parties interested in replacing Alex Mashinsky and putting together a better recovery option than Celsius Network to make depositors whole, I would humbly request that you cancel Celsius Network's request for 120 days exclusivity and allow all parties to submit the best resolution path forward and as quickly as possible.

All the best,

--

**Brandon Lipin, MA, MSCP, CADC, CIMHP**  
**Doctoral Psychology Intern - AllCare Medical Center**  
*Master of Art in Clinical Psychology*  
*Master of Science in Clinical Psychopharmacology*  
*Certified Alcohol and Drug Counselor - #35368*  
*Certified Integrative Mental Health Professional - #898871*